



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 14, 2003

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3434

Mr. Kay Christofferson
H.E. Davis Construction, Inc.
525 W Arrowhead Trail
P.O. Box 488
Spanish Fork, Utah 84639

Subject: Notice of Potential Non-Compliance & Division Directive, H.E. Davis Construction, Inc., Henry #1 and 2 Mine, M/023/023, County, Utah

Dear Mr. Christofferson:

On July 16, 2003, the Division performed an onsite inspection of your Henry #1 and 2 mine site (memo attached). During our inspection we observed that a large portion of the existing waste rock dump has been built on private land. The original approved mine plan did not contemplate this much dump being placed on the private land. We compared the maps you sent us on May 19, 2003, with the GPS map created during our recent inspection when we walked this dump. We find discrepancies between the two maps.

You are hereby directed to modify your permit and bring the mining and reclamation plan and maps into compliance with the current onsite conditions within 30 days or by November 14, 2003. This can be accomplished by filing an amendment to your approved permit. We have enclosed a permit revision/amendment form (MR-REV) for this purpose. The GPS map created by this Division may help you accomplish this task.

Based on the current site conditions and apparent inaccuracies in the approved permit, we are concerned that the \$33,000 reclamation bond currently held by the U.S. Forest Service may not be adequate to reclaim this site. Upon review of your updated mining and reclamation plan information, an adjustment to the current reclamation bond may be necessary.

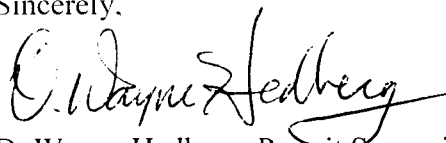
H.E Davis Construction Inc.
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Your failure to respond to this Division Directive in a timely manner, may result in the issuance of a formal Notice of Non-Compliance, which could require immediate suspension of mining operations, and the posting of supplemental transitional reclamation surety.

Until this issue is resolved, you must restrict your mining operations to the currently disturbed area. No further expansion is allowed. You should mark the boundary of this disturbed area with appropriate markers to ensure that operations are not conducted outside the current footprint.

If you have any questions regarding this notice, please contact me at (801) 538-5286, Tom Munson at 538-5321 or Doug Jensen at 538-5382. Thank you for your immediate attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D. Wayne" and the last name "Hedberg" clearly distinguishable.

D. Wayne Hedberg, Permit Supervisor
Minerals Regulatory Program

DWH:TM:jb
Enclosures: inspection memo w/GPS map, Form MR-REV
cc: Brian McClelland, U.S. Forest Service
Mary Ann Wright, DOGM
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